Supreme Court, U.S.
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No. ___

IN THE

Supreme Court of the United States

HALLMARK CARDS, INCORPORATED,
Petitioner,

v.

GROUP ONE LTD.,
Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

The "on sale" bar, set forth in 35 U.S.C. § 102(b), precludes the patenting of an invention that was "on sale" more than one year before filing for a U.S. patent on the invention. This Court, in *Pfaff v. Wells Electronics Inc.*, 525 U.S. 55 (1998), recently clarified one prong of the on sale bar test—readiness for patenting—that must be satisfied to start the statutory one year grace period. The question presented relates to the other prong of the on sale bar test:

> Are the circumstances in which an invention is "on sale" within the meaning of 35 U.S.C. § 102(b) limited solely to "an offer which rises to the level of a commercial offer for sale, one which the other party could make into a binding contract by simple acceptance (assuming consideration)," as held by the Court of Appeals for the Federal Circuit below, or do such circumstances also include "commercial activity which does not rise to the level of a formal 'offer' under contract law principles," such as advertising and promotion, as the Federal Circuit had previously stated?

RULE 29.1 LISTING

Petitioner Hallmark Cards, Incorporated has the following non-wholly owned subsidiary: Crown Media Holdings, Inc.

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PETITION FOR A WRIT OF CERTIORARI

Hallmark Cards, Incorporated ("Hallmark") respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The decision of the United States Court of Appeals for the Federal Circuit, reprinted at pages 4a-24a of the Appendix to this Petition ("App."), *infra*, is reported at 254 F.3d 1041. The decision of the United States District Court for the Western District of Missouri, reprinted at App. 25a-82a, *infra*, is unreported.

JURISDICTION

The United States Court of Appeals for the Federal Circuit entered judgment on June 15, 2001. The Court of Appeals denied a timely petition for rehearing en banc on August 8, 2001.

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

STATUTORY PROVISION INVOLVED

This case involves the following provision of the United States Code:

> A person shall be entitled to a patent unless—
>
> * * *
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States . . . .

35 U.S.C. § 102(b).

STATEMENT OF THE CASE

The on sale bar of 35 U.S.C. Section 102(b) precludes an inventor from securing a patent if the invention was "on sale" more than one year prior to the date of the U.S. patent application. This section allows inventors only one year in which to market an invention to determine its commercial viability before having to commit the resources needed to apply for a patent. At the same time, this section protects against an inventor extending the monopoly beyond the statutorily prescribed period. Prior on sale bar cases deciding which types of commercial activities triggered the start of the grace period focused, consistent with the plain language of the statute, on whether the invention was being made available for purchase to the public. The Federal Circuit, although acknowledging this general understanding of on sale bar jurisprudence, radically changed the on sale analysis to now require "an offer which rises to the level of a commercial offer for sale, one which the other party could make into a binding contract by simple acceptance (assuming consideration)" to trigger the one year grace period. Granting the writ

and reversing the Federal Circuit's decision will prevent the issuance of thousands of patents on inventions that have been marketed for years without patent applications being filed, and that were presumed by unsuspecting competitors not to be subject to patents.

Hallmark seeks review and reversal of this erroneous decision now to minimize the adverse effects of a later reversal on thousands of patent holders who will market their inventions on the basis of the Federal Circuit's erroneous decision only to later find out that they no longer have a valid patent.

1. The invention in issue is a machine to create curled ribbon and a related process to employ the machine to curl ribbon. U.S. Patent No. 5,518,492 (the '492 Patent) claims the machine to curl ribbon and U.S. Patent No. 5,711,752 (the '752 Patent) claims a process for curling ribbon using the machine of the '492 Patent.

Curled ribbon has been used to adorn gifts for decades. The process of ribbon curling is straightforward and well-known—pulling a piece of curlable ribbon across a sharp edge imparts a curl in the ribbon. This process has been mechanized by others dating back decades. (*See, e.g.*, A2318-21.)

2. Fredric Goldstein, Managing Director of Group One and the inventor of the patents in issue, claimed to have been thinking about the automation of the curling process as far back as 1989. (A1112.) Goldstein "put . . . into practice in 1990" a working prototype machine that could curl and shred ribbon and that contained the same elements as were claimed in the '492 and '752 Patents. (A1107-10.) By 1991, Goldstein also began to assemble a commercial model "that would be used to market the patent for royalty purposes." (A1108.) Goldstein created the commercial model, which was to

incorporate the same elements as the working prototype (A1110), so that he could prepare photographs and a video to assist in marketing and promoting the patents. (A1109.)

On or about June 27, 1991, Goldstein prepared patent sketches of his ribbon curling machine and sent them to his British patent attorney, Adrian Chettle. (A1115; A1133.) Goldstein sent more patent drawings to Chettle on September 11, 1991, October 16, 1991 and October 23, 1991. (*Id.*) On November 14, 1991, Goldstein filed a patent application for an automated ribbon curling device in the United Kingdom.

On November 12, 1992, Goldstein filed a patent application for an automated ribbon curling device in the European Patent Office under the Patent Cooperation Treaty (the "PCT Application") designating the United States as a State for application, relying on the U.K. Application for priority. (A1015-38.) Thus, the critical date for section 102(b) is November 12, 1991.[1]

Before November 12, 1991, Goldstein marketed on behalf of Group One the ribbon curling machine and/or technology that is the subject of the '492 and '752 Patents. For example, on June 24, 1991, Goldstein wrote to Hallmark,

> "We have developed a machine which can curl and shred ribbon so that Hallmark can produce the product you see inclosed [sic]—a bag of already curled and shredded ribbon."

(A1150.) Goldstein enclosed in the letter a bag of curled and shredded ribbon made by the prototype machine. (A1108.) In the same letter, Goldstein offered to sell either the machine

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[1] On May 20, 1996, Goldstein filed with the PTO a Continuation Application seeking a patent for a method of curling ribbon utilizing the device described in the '492 Patent. (A1072-75.) This application used the specification and drawings filed for the application that issued as the '492 Patent, and claimed the filing date of the application for the '492 Patent for purposes of filing date priority.

or the technology to make a machine with the price based on a royalty: "We could provide the machine and/or technology and work on a license/royalty basis." (A1150.)

On August 23, 1991, Goldstein again wrote to Hallmark:

> "Regarding the already curled and shredded ribbon, *I await news of interest so that we could discuss a license arrangement for the machine which can produce such a product.* We have been receiving huge interest in this product and have been offered contracts of exclusivity, which until now we have resisted. I mention this so that Hallmark would be aware of a potential obstruction, should we receive no interest from yourselves for a long period of time."

(A1152 (emphasis added).) The machine referred to in this letter is the same machine discussed in his June 24, 1991 letter, and was "based on the patent." (A1111-12.)

On October 14, 1991, Goldstein wrote yet again to Hallmark about the ribbon curling machine, stating: "I am of course very pleased about the positive reaction towards the already curled/shredded ribbon product idea. I look forward to hearing from the members of the team and will be pleased to work with them on this product regarding the machine involved." (A1153-54.)

In the summer of 1991, Goldstein also marketed his ribbon curling machine to other prospective customers, including American Greetings and other "major players in the market that sold ribbon" throughout the United States, Europe, and Asia. (A1112.) In that connection, on June 10, June 12 and August 15, 1991, Goldstein sent letters to three U.S. companies, C.M. Offray & Sons Inc., Berwick and Pioneer Balloon Company, respectively, offering his machine to them. (A1159-61; A1162-64; A1165-67.)

3. Group One filed an action in the District Court for the Western District of Missouri alleging, *inter alia*, that Hallmark infringed the '492 Patent and the '752 Patent. The

jurisdiction of the district court was invoked under 28 U.S.C. §§ 1338(a) and 1367(a). Hallmark pled as one of its affirmative defenses to infringement and as one basis for its counterclaim of invalidity and unenforceability to Group One's complaint that the patents were invalid based on the on sale bar.

Hallmark moved for summary judgment on the patent claims. Hallmark argued that the patents were invalid under the on sale bar because Group One commercialized the invention and it was ready for patenting more than one year before applying for a U.S. patent. Hallmark also argued that no reasonable jury could find that Hallmark's machines infringe Group One's '492 and '752 Patents.

The District Court granted summary judgment for Hallmark, finding the patents invalid based on the on sale bar because Group One's commercialization activities, while not rising to the level of a formal offer for sale under Missouri contract law, nevertheless were sufficient, consistent with prior Federal Circuit on sale bar jurisprudence, to start the one year grace period. (42a-52a.)

4. In a June 15, 2001 decision, the Court of Appeals for the Federal Circuit reversed and remanded the District Court's grant of summary judgment on the patent claims. In reversing the District Court, the Court of Appeals radically changed the governing principles previously enunciated in decisions by this Court and the Federal Circuit and regularly applied by trial courts around the country regarding what constitutes "on sale" activities sufficient to trigger the on sale bar. Disavowing as "non-binding dictum" its prior decision in *RCA Corp. v. Data Gen. Corp.*, 887 F.2d 1056, 1062, 12 USPQ2d 1449 (Fed. Cir. 1989) (*"RCA"*)—which stated that the on sale bar can be triggered by "commercial activity which does not rise to the level of a formal 'offer' under contract law principles"—the Court of Appeals announced a new test: "only an offer which rises to the level

of a commercial offer for sale, one which the other party could make into a binding contract by simple acceptance (assuming consideration), constitutes an offer for sale under § 102(b)." (14a.)

The Court of Appeals further held that the Uniform Commercial Code ("U.C.C.") provides the standard by which a court should determine whether an offer "rises to the level of a commercial offer for sale." (13a-14a.)

Because the conduct of Group One in repeatedly offering to sell its invention to Hallmark and others prior to the critical date in this case did not amount to a formal contract offer (and no one was sufficiently interested to buy Group One's product), the Court of Appeals reversed the District Court's grant of summary judgment in favor of Hallmark, even though such conduct would have triggered the on sale bar under its prior jurisprudence.

In light of its holding, the Federal Circuit refrained from deciding two additional arguments raised by Group One: 1) whether Group One's commercialization activities may be characterized, not as a sale of a machine or technology, but rather as a sale of rights to commercialize the patent, which the Federal Circuit had previously found to be exempt from the reach of the on sale bar in, *inter alia*, *Mas-Hamilton Group, Inc. v. LaGard Inc.*, 156 F.3d 1206 (Fed. Cir. 1998); and 2) whether the "ready for patenting" prong of the on sale bar test enunciated in *Pfaff* had been satisfied.[2]

5. This Petition for a Writ of Certiorari followed.

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[2] Despite not deciding those issues, a majority of the Court of Appeals nonetheless expressed in dicta its view that with respect to the first question that summary judgment was inappropriately granted by the District Court because of fact issues. (16a.)

REASONS FOR GRANTING THE WRIT

The petition should be granted for two important reasons. First, the question decided by the Federal Circuit is an important question of federal law that should be definitively decided by this Court. In adopting a U.C.C.-type contract analysis as the standard for application of the on sale bar, the Federal Circuit ignored prior expressions of this Court and others, including the Federal Circuit itself in *RCA*, dating back 150 years, which have emphasized any form of commercialization by the patent holder prior to the critical date—not a formal contract offer—as the touchstone for applying Section 102(b).

The Federal Circuit's new "on sale" test in its practical effect eviscerates the protections afforded the public by Section 102(b), which was designed by Congress to limit the ability of an inventor to extend the monopoly on an invention by delaying the filing of a patent application. This is an important question of federal law affecting the intellectual property rights of hundreds of thousands of patent holders, as well as those members of the public who are confronted with such patents, and thus should be decided by this Court.

Second, granting the petition is appropriate because the Federal Circuit's decision conflicts with this Court's reasoning in its recent decision in *Pfaff v. Wells Electronics, Inc.*, 525 U.S. 55. In *Pfaff*, the Court, in refining the second prong of the on sale bar, discarded a "reduction to practice" test—which was used to determine whether an invention was sufficiently complete so that commercialization activity regarding the invention would trigger the on sale bar—in favor of a more predictable test of when an invention was "ready for patenting." *Id.* at 67. The Federal Circuit below, addressing the first prong of the on sale bar, asserted that the *Pfaff* decision compelled the Federal Circuit's new test for what constitutes "on sale" activity (App. 11a-12a). In reality, *Pfaff* does not compel the decision below; instead *Pfaff*

suggests a *contrary* result. In *Pfaff*, this Court emphasized that any competitive exploitation of the invention is the triggering on sale event, with no suggestion whatsoever that such exploitation must be limited to a contractual offer. 525 U.S. at 67.

Furthermore, it is of imperative public importance for the Court to hear this case now rather than await a final judgment on the merits and further appeal. *See* Sup. Ct. R. 11. During the time in which this case will wend its way through the trial and appellate court levels to a point where this issue will once again be positioned for Supreme Court review, literally hundreds of thousands of patent applications will have been filed under the belief that inventors have much greater discretion to commercialize their inventions without triggering the on sale bar one year grace period. In the event the Court decides the issue raised here in favor of Hallmark at that later point, this belief will have been incorrect, and many of the patents issued on these inventions may become invalid because pre-critical date commercialization activities that would not have started the on sale bar clock under the Federal Circuit's new framework would suffice (again) to start the clock.

I. CERTIORARI IS WARRANTED BECAUSE THE TEST FOR TRIGGERING THE ON SALE BAR IS A VITALLY IMPORTANT QUESTION OF FEDERAL LAW AND HAS BEEN WRONGLY DECIDED BY THE FEDERAL CIRCUIT.

This Court recently recognized the public importance of decisions with respect to the on sale bar when it accepted the *Pfaff* case for review. In *Pfaff*, this Court adopted a two prong "bright line" test for application of the on sale bar and clarified with particularity the elements of the second prong of that test—whether the invention was "ready for patenting" prior to the critical date. 525 U.S. at 67-68. The case at bar

deals with the first prong of the *Pfaff* test—whether the invention was subject to a "commercial offer for sale" prior to the critical date. The Federal Circuit's decision requires this Court once again to step in and correct this important question of federal law.

Supreme Court correction is needed here because the Federal Circuit's decision is contrary to the plain language of Section 102(b), represents a significant departure from prior jurisprudence, and does not accord with the policies behind the statute. The plain, ordinary meaning of the statute supports the Federal Circuit's prior analysis in *RCA* over its new analysis. Section 102(b) bars patentability if an invention was "on sale" more than one year prior to the critical date. The plain meaning of the term "on sale" is "available for purchase." *See, e.g., Webster's Ninth New Collegiate Dictionary* 1037 (1983). The term "on sale" thus has a much broader meaning than the U.C.C. standard enunciated by the Court of Appeals (14a), and this broader meaning is consistent with the *RCA* formulation.

RCA espoused an on sale bar analysis which remained faithful to the plain meaning of the statute by focusing on commercializing activity:

> "The requirement of a definite offer . . . may be met by a patentee's commercial activity which does not rise to the level of a formal 'offer' under contract law principles . . . ."

887 F.2d at 1062. Following *RCA*'s reasoning, commercial activities demonstrating that an invention was "on sale," but which fell short of a contractual offer for sale, have been found by the lower courts to trigger the on sale bar. *See, e.g., Linear Tech. Corp. v. Micrel, Inc.*, 63 F. Supp. 2d 1103, 1125 (N.D. Cal. 1999) (promotional activities); *TRW Fin. Sys., Inc. v. Unisys Corp.*, 835 F. Supp. 994, 1003, 31 USPQ2d 1065 (E.D. Mich. 1993) (same).

Under the Court of Appeals' new framework, an inventor could now market an invention throughout the land by soliciting potential customers (as was found in the case at bar), attending trade shows, and even parroting verbatim the language of the statute—"My invention is on sale"—without triggering the on sale bar. The Court of Appeals acknowledged that activity of a clear commercial nature, such as "advertising and promoting of a product"—which, prior to its decision, would have been considered clear evidence that an invention was "on sale"—would not trigger the on sale bar. (15a.) Such a result flouts the literal language of the "on sale" bar. Indeed, this Court in *Pfaff* rejected the "reduction to practice" analysis of the on sale bar because it was a "nontextual argument" that had sprung from the single word "invention" and that was inconsistent with the literal language of the statute. *Pfaff*, 525 U.S. at 63. The Court of Appeals' decision here similarly—and improperly—uses a "nontextual argument" to explode from the simple statutory phrase "on sale" the entire body of Uniform Commercial Code contract principles.

Moreover, the Court of Appeals' new test will disserve the fundamental policies underlying the on sale bar that this Court focused on as long ago as 1829 in *Pennock v. Dialogue*, 2 Peters (27 U.S.) 1 (1829), and as recently as 1998 when it handed down *Pfaff*. This Court has noted that one of the policies underlying the on sale bar is to encourage the prompt and widespread availability of inventions to promote the progress of the sciences and arts:

> "While one great object was, by holding out a reasonable reward to inventors and giving them an exclusive right to their inventions for a limited period, to stimulate the efforts of genius; the main object was 'to promote the progress of science and useful arts;' and this could be done best, by giving the public at large a right to make,

> construct, use, and vend the thing invented, at as early a period as possible; having a due regard to the rights of the inventor."

Pennock, 2 Peters (27 U.S.) at 19 (1829) (quoting U.S. CONST. Art. I, § 8). The *Pennock* Court noted the need to limit pre-application use and sales to further this policy:

> "If an inventor should be permitted to hold back from the knowledge of the public the secrets of his invention; if he should for a long period of years retain the monopoly, and make, and sell his invention publicly, and thus gather the whole profits of it, relying upon his superior skill and knowledge of the structure; and then, and then only, when the danger of competition should force him to secure the exclusive right, he should be allowed to take out a patent, and thus exclude the public from any farther use than what should be derived under it during his fourteen years; it would materially retard the progress of science and the useful arts, and give a premium to those who should be least prompt to communicate their discoveries."

Id.

In the above passage, the *Pennock* Court also emphasized another policy underlying the on sale bar: prohibiting the inventor from commercially exploiting his invention beyond the statutorily prescribed time. *See Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126, 137 (1877) ("Any attempt to use [the invention] for a profit, and not by way of experiment, for a longer period than two years before the application, would deprive the inventor of his right to a patent."); *see also Pennock*, 2 Peters (27 U.S.) at 12-13.

Until the decision in the instant case, the Federal Circuit had continued to adhere to these well-settled policies. *E.g.*, *In re Mahurkar*, 71 F.3d 1573, 1577 (Fed. Cir. 1995). The Court of Appeals' new approach, however, conflicts head on with these policies. The public will consider an invention

part of the public domain based on widespread commercialization activities, such as promotion and advertising; the public likely would not even know whether U.C.C. offers for sale have been made to potential customers. Moreover, because U.C.C. offers for sale typically come *after* promotional activities and not before, the Court of Appeals' new formulation will tend to allow an inventor to delay the time at which he or she chooses to disclose the invention through the patent process, and will further extend the statutorily prescribed time in which to patent the invention. There is no reason in the policies underlying the on sale bar to treat, as the Federal Circuit has, this case any differently from another case where an offer was made but not accepted, *Scaltech, Inc. v. Refac/Tetra, L.L.C.*, 2001 U.S. App. LEXIS 22701, at *18 (Fed. Cir. Oct. 23, 2001), merely because the offer in *Scaltech* included a price quote and was "firm for 90 days." In both cases, the inventors tried, and failed, to sell an invention to potential customers.

Congress has, of course, decided that the one-year grace period contained in Section 102(b) is sufficient to protect inventors who wish to test the commercial viability of their inventions before spending money on a patent application. In fact, in the Patent Act of 1939, Congress reduced the statutory grace period from two years to one year because it perceived that the two year period "appear[ed] unduly long and operate[d] as a handicap to industry." H.R. Rep. No. 961, 76th Cong., 1st Sess. 1 (1939); S. Rep. No. 876, 76th Cong., 1st Sess. 1 (1939) (same). Providing any grace period comes at the expense of the general public because it extends the time in which the patent monopoly operates. *See Pfaff*, 525 U.S. at 64 ("[Section] 102 of the Patent Act serves as a limiting provision, both excluding ideas that are in the public domain from patent protection and confining the duration of the monopoly to the statutory term.")

Under a formal contract law-based analysis, the one-year grace period that the statute provides will no doubt be extended significantly. For example, one could simply run ads in a trade magazine until succeeding in making a sale years later. Under the Federal Circuit's decision, a house with a "For Sale" sign in front would not be "on sale," and the same would be true if such a sign were placed in front of an invention. The Federal Circuit's new test effectively would collapse the "on sale" bar into the "sold" bar.

Finally, the Court of Appeals did not identify any countervailing policy, and none is apparent, for allowing an inventor to engage in unlimited commercialization activity that does not amount to a formal contract offer, to be followed by a one year period of U.C.C.—contract type conduct. Certainly, if such a need exists, the authority to make such a change in the law rests with Congress and not the Federal Circuit.

II. CERTIORARI IS WARRANTED BECAUSE THE COURT OF APPEALS' DECISION IS CONTRARY TO THIS COURT'S REASONING IN *PFAFF*.

Supreme Court review is warranted to conform on sale jurisprudence with its recent decision in *Pfaff*. The Court of Appeals fundamentally misapprehended *Pfaff* when it held that the "commercial offer for sale" prong of the *Pfaff* test could only be satisfied by a formal contract offer. Indeed, the Court of Appeals stated that the *Pfaff* decision required its change in course. The *Pfaff* decision, however, requires no such change, and the Court of Appeals' new test actually conflicts with the reasoning of *Pfaff*.

In *Pfaff*, this Court decided the issue of whether a patent should be invalid under the "on sale" bar of Section 102(b) where the invention was "first marketed commercially" more than one year prior to the filing of the patent application, but

where the invention had not yet been reduced to practice by that date. 525 U.S. at 67. In deciding that the on sale bar invalidated the patent, the Court rejected the previously employed "reduction to practice" analysis and established a new test: prior to the critical date (1) was the product embodying the invention "the subject of a commercial offer for sale," and (2) was the invention "ready for patenting." *Id.*

While this Court focused its analysis on the second prong of the test, it nonetheless articulated a standard with respect to the "commercial offer for sale" prong that is directly at odds with the Court of Appeals' decision here. In its discussion of the "commercial offer for sale" prong of the on sale bar, this Court emphasized that any *competitive exploitation of the invention* is the triggering on sale event, with no suggestion whatsoever that such exploitation must be limited to a contractual offer. Thus, the Court used the phrases "first commercial marketing" and "first marketed commercially" to describe conduct that would satisfy a "commercial offer for sale." 525 U.S. at 67. The Court quoted approvingly from its prior decision in *Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. at 137, and the opinion of Learned Hand in *Metallizing Eng'g Co. v. Kenyon Bearing & Auto Parts Co.*, 153 F.2d 516, 520 (2d Cir. 1946):

> "[I]t is a condition upon an inventor's right to a patent that *he shall not exploit his discovery competitively* after it is ready for patenting; he must content himself with either secrecy, or legal monopoly."

525 U.S. at 68 (emphasis supplied). There was no suggestion that an inventor's "commercial marketing," "exploit[ation of] his discovery competitively," or "attempt to use his invention for profit" were only synonymous with a contractual offer for sale under the Uniform Commercial Code; in fact, this Court's "commercial marketing" and "exploitation" language strongly suggests that less formal commercial activity starts the clock on the grace period.

The Court of Appeals apparently inferred that the use of the word "commercial" in front of "offer" meant that this Court equated "commercial" with "contractual" and thereby signaled a departure from prior jurisprudence, according to which "it was believed that something less than an offer to sell as understood in general commercial transactions was sufficient to trigger the on sale bar." (11a.) The *Pfaff* Court, however, used the term "commercial" only to distinguish prohibited offers from experimental activity. 525 U.S. at 67 ("[T]here is no question that the sale was commercial rather than experimental in character.").

For all of its upset in settled law, the Federal Circuit's new test does not even deliver on its promise of a bright-line test. The new analysis of when an invention is "on sale" will not promote certainty, and in its practical application will detract from this goal. Under the prior analytical framework, an inventor and the public had the ability to understand the threshold triggering the start of the on sale bar clock. Discussions with potential customers, participation at trade shows, making advance sales calls all were to be expected to start the clock running, *see, e.g., General Elec. Co. v. United States*, 206 USPQ 260, 269-70 (Ct. Cl. Tr. Div. 1979); *Aoki Technical Lab., Inc. v. FMT Corp.*, 26 F. Supp. 2d 319, 325 (D.N.H. 1998); *Strong v. General Elec. Co.*, 434 F.2d 1042, 1043-44, 168 USPQ 8 (5th Cir. 1970), while internal preparations for marketing were not expected to start the clock. *See Intel Corp. v. U.S. Int'l Trade Comm'n*, 946 F.2d 821, 830 (Fed. Cir. 1991). The triggering activities all had a common denominator—they told the public that the invention was "on sale"—*i.e.*, it was "available for purchase." The Federal Circuit's new analysis eviscerates any semblance of public notice because the public typically would not be privy to proposals and offers of the type that would trigger the bar.

Moreover, the Court of Appeals' new formulation offers no certainty to an inventor in determining which actions would trigger the bar in a particular circumstance, even where the

inventor is in full possession of the salient facts. Each fact pattern would be viewed from the perspective of whether a U.C.C.-type contract could be created by acceptance of the inventor's offer. Indeed, the Court of Appeals itself acknowledges the complexity of the task:

> "We do not mean to suggest that it will always be easy to ascertain whether a set of interactions between parties constitutes a commercial offer to sell. Nor do we propose to offer rules or even binding guidance for making such determinations, which offer would be little more than obiter dicta. . . . In any given circumstance, who is the offeror, and what constitutes a definite offer, requires looking closely at the language of the proposal itself."

(14a-15a.)

One of the very same commentators on whom the Court of Appeals relies to support the promise of greater certainty actually disavows the notion that determining whether a contractually binding offer has been made is susceptible to a bright-line test:

> "The determination of whether a certain communication by one party to another is an operative offer, and not merely an inoperative step in the preliminary negotiation, is a matter of interpretation in the light of all the surrounding circumstances.
>
> "Since two cases are never identical in the exact words used, in the existing relations and history of the parties, in the circumstances surrounding the communication, the decision made in one case can never be regarded as a conclusive precedent for the other."

1 Arthur Linton Corbin, *Corbin on Contracts* § 2.2 at 105-06 (Rev. Ed. 1993). This uncertainty is exacerbated by the lack of clear standards as to what constitutes the federal common law to be applied to the facts.

Thus, to the extent that the Court of Appeals' goal is increased certainty—regardless of its lack of statutory support—its new formulation is at cross-purposes to that goal.

CONCLUSION

The Petition for a Writ of Certiorari should be granted.

Respectfully submitted,

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